

authorizations do not contain any conditions which would reasonably be expected to have a material adverse effect on VoiceStream or the transactions contemplated by the VoiceStream/Powertel merger agreement.

- *Receipt of Tax Opinion.* Powertel having received an opinion of Morris, Manning & Martin, LLP, dated as of the date the VoiceStream/Powertel merger is completed, substantially to the effect that, for U.S. federal income tax purposes, the VoiceStream/Powertel merger will qualify as a reorganization within the meaning of Section 368(a) of the U.S. tax code.

Additional Conditions to the Obligations of VoiceStream. The obligations of VoiceStream to effect the VoiceStream/Powertel merger are also subject to the satisfaction, or waiver by VoiceStream, of conditions, including the following.

- *Performance of Obligations; Representations and Warranties.*

- Powertel having performed in all material respects each of its agreements contained in the VoiceStream/Powertel merger agreement required to be performed at or prior to the completion of the VoiceStream/Powertel merger; and
- the representations and warranties of Powertel in the VoiceStream/Powertel merger agreement will be true and correct at and as of the date the VoiceStream/Powertel merger is completed;
 - (a) except as contemplated or permitted by the VoiceStream/Powertel merger agreement; and
 - (b) except for failures, which individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Powertel, VoiceStream or the transactions contemplated by the VoiceStream/Powertel merger agreement.

- *Receipt of FCC Opinion.* VoiceStream having received an opinion of the FCC counsel of Powertel, substantially in the form agreed upon in the VoiceStream/Powertel merger agreement.

- *Consents Under Agreements.* Powertel having obtained all material consents or approvals required under Powertel's and its subsidiaries' debt instruments.

- *Receipt of Governmental Approvals.* All necessary consents or authorizations from any governmental entities required for the VoiceStream/Powertel merger having been received and, in the case of the FCC, having become final orders, unless this requirement of finality is waived by VoiceStream in its sole discretion, unless the failure to receive any such consent or authorization would not have a material adverse effect on Powertel or VoiceStream or the transactions contemplated by the VoiceStream/Powertel merger agreement and such consents or authorizations do not contain any conditions which would reasonably be expected to have a material adverse effect on VoiceStream or the transactions contemplated by the VoiceStream/Powertel merger agreement.

- *Receipt of Tax Opinion.* VoiceStream having received an opinion of Jones, Day, Reavis & Pogue and/or Preston Gates & Ellis LLP, dated as of the date the VoiceStream/Powertel merger is completed, substantially to the effect that, on the basis of the facts, representations and assumptions set forth in the opinion, for U.S. federal income tax purposes, the VoiceStream/Powertel merger will qualify as a reorganization within the meaning of Section 368(a) of the U.S. tax code.

Waiver of Conditions. In the event VoiceStream or Powertel waives a material condition to the VoiceStream/Powertel merger, VoiceStream or Powertel, as applicable, will, if legally required, resolicit approval of its stockholders.

Termination and Termination Fee

Automatic Termination. The VoiceStream/Powertel merger agreement will terminate automatically upon the completion of the Deutsche Telekom/Powertel merger.

Right to Terminate. The VoiceStream/Powertel merger agreement may be terminated at any time before the completion of the VoiceStream/Powertel merger in any of the following ways:

- by mutual written consent;
- by either VoiceStream or Powertel:
 - if the VoiceStream/Powertel merger has not been completed on or before December 31, 2001, unless the party seeking to terminate the VoiceStream/Powertel merger agreement has caused the delay, provided that this date may be accelerated if the Deutsche Telekom/VoiceStream merger agreement and the Deutsche Telekom/Powertel merger agreement have been terminated;
 - if the VoiceStream/Powertel merger is permanently enjoined or prohibited by a governmental order or ruling, and the order or ruling has become final and nonappealable; or
 - the stockholders of Powertel or VoiceStream do not approve and adopt the VoiceStream/Powertel merger agreement at their respective special meetings;
- by VoiceStream if:
 - Powertel fails to comply with any of its covenants or agreements contained in the VoiceStream/Powertel merger agreement required to be complied with prior to the date of termination and such failure would reasonably be expected to have a material adverse effect on VoiceStream or the transactions contemplated by the VoiceStream/Powertel merger agreement; and the failure cannot be or has not been cured within 30 days after receipt by Powertel of written notice of the failure to comply; or
 - Powertel breaches any representation or warranty and the breach would reasonably be expected to have a material adverse effect on Powertel, VoiceStream or the transactions contemplated by the VoiceStream/Powertel merger agreement, and the breach cannot be or has not been cured within 30 days after receipt by Powertel of written notice of the breach; or
- by Powertel if:
 - VoiceStream fails to comply with any of its covenants or agreements contained in the VoiceStream/Powertel merger agreement required to be complied with prior to the date of termination and the failure would reasonably be expected to have a material adverse effect on Powertel, VoiceStream or the transactions contemplated by the VoiceStream/Powertel merger agreement, and cannot be or has not been cured within 30 days after receipt by VoiceStream of written notice of the failure to comply; or
 - VoiceStream breaches any representation or warranty contained in the VoiceStream/Powertel merger agreement and the breach would reasonably be expected to have a material adverse effect on VoiceStream or the transactions contemplated by the VoiceStream/Powertel merger agreement, and the breach cannot be or has not been cured within 30 days after receipt by VoiceStream of written notice of the breach.

Should any of these potential grounds for termination occur, VoiceStream's and Powertel's board of directors may or may not exercise their respective rights to terminate the VoiceStream/Powertel merger agreement.

Termination Fees. Powertel has agreed to pay VoiceStream a termination fee of \$150 million plus expenses not to exceed \$10 million in the event that Powertel terminates the VoiceStream/Powertel

merger agreement because the Powertel stockholders do not adopt and approve the VoiceStream/Powertel merger agreement, or VoiceStream terminates the agreement for one of the following reasons:

- Powertel fails to comply with any of its covenants or agreements contained in the VoiceStream/Powertel merger agreement, the failure would reasonably be expected to have a material adverse effect on VoiceStream or the transactions contemplated by the VoiceStream/Powertel merger agreement and the failure cannot be or has not been cured within 30 days after receipt by Powertel of written notice of the failure to comply;
- the stockholders of Powertel do not adopt and approve the VoiceStream/Powertel merger agreement; or
- Powertel breaches any representation or warranty contained in the VoiceStream/Powertel merger agreement, the breach would reasonably be expected to have a material adverse effect on Powertel, VoiceStream or the transactions contemplated by the VoiceStream/Powertel merger and the breach cannot be or has not been cured within 30 days after receipt by Powertel of written notice of the breach.

Important Exception: In the event Powertel is also obligated to pay a termination fee pursuant to the Deutsche Telekom/Powertel merger agreement, Powertel will instead pay each of Deutsche Telekom and VoiceStream \$75 million plus expenses not to exceed \$10 million.

VoiceStream has agreed to pay Powertel a termination fee of \$150 million plus expenses not to exceed \$10 million in the event that Powertel terminates the VoiceStream/Powertel merger agreement for one of the following reasons:

- VoiceStream fails to comply with any of its covenants or agreements contained in the VoiceStream/Powertel merger agreement, the failure would reasonably be expected to have a material adverse effect on Powertel, VoiceStream or the transactions contemplated by the VoiceStream/Powertel merger agreement and the failure cannot be or has not been cured within 30 days after receipt by VoiceStream of the failure to comply;
- the stockholders of VoiceStream do not adopt and approve the VoiceStream/Powertel merger agreement; or
- VoiceStream breaches any representation or warranty contained in the VoiceStream/Powertel merger agreement, the breach would reasonably be expected to have a material adverse effect on VoiceStream or the transactions contemplated by the VoiceStream/Powertel merger agreement and the breach cannot be or has not been cured within 30 days after receipt by VoiceStream of written notice of the breach.

Expenses

Whether or not the VoiceStream/Powertel merger is completed, all fees and expenses incurred in connection with the VoiceStream/Powertel merger and the VoiceStream/Powertel merger agreement will be paid by the party incurring the fees or expenses, except that:

- Deutsche Telekom, VoiceStream and Powertel will share equally the costs and expenses, other than attorneys' fees, incurred in connection with the printing and mailing of this document;
- VoiceStream and Powertel will share equally any filing fees, including fees payable to the SEC and state regulatory authorities, with respect to the proxy statement/prospectus and the registration statement on Form S-4 covering the VoiceStream common shares issuable upon completion of the VoiceStream/Powertel merger; and
- VoiceStream and Powertel will share equally the costs and expenses of any filing fees paid under the HSR Act.

Amendment; Waiver; Assignment

VoiceStream, Powertel and merger subsidiary may amend the VoiceStream/Powertel merger agreement prior to completion of the VoiceStream/Powertel merger, but after VoiceStream's and Powertel's stockholders have approved the VoiceStream/Powertel merger agreement, no amendment may be made which by law requires further stockholder approval without such approval being obtained.

At any time before the VoiceStream/Powertel merger is completed, VoiceStream, Powertel and merger subsidiary may:

- extend the time for the performance of any of the obligations or other acts required by the VoiceStream/Powertel merger agreement; and
- waive any inaccuracies in the representations and warranties or compliance with any of the agreements or conditions, contained in the VoiceStream/Powertel merger agreement or in any document required to be delivered pursuant to the VoiceStream/Powertel merger agreement.

VoiceStream, Powertel and merger subsidiary may not assign the VoiceStream/Powertel merger agreement or any of their rights, interests or obligations under the VoiceStream/Powertel merger agreement without the prior written consent of the non-assigning parties.

Important Definitions

"material adverse effect." As used in the VoiceStream/Powertel merger agreement, a "material adverse effect" on any company means any change, effect, fact or condition that is materially adverse to the business, properties, assets, results of operations or financial condition of the company and its subsidiaries. "Material adverse effect" includes any event, fact or condition which would reasonably be expected to materially delay, interfere with, impair or prevent the transactions contemplated by the VoiceStream/Powertel merger agreement in a manner that would have a material adverse effect on such transactions.

However, "material adverse effect" does not include any adverse change, effect or development that is primarily caused by:

- conditions affecting the U.S. economy generally or the economy of any nation or region in which VoiceStream or Powertel and their subsidiaries conduct business that is material to their businesses;
- conditions generally affecting the industries in which VoiceStream or Powertel conduct their businesses; or
- the announcement or existence of the VoiceStream/Powertel merger agreement and the transactions contemplated by the VoiceStream/Powertel merger agreement.

Amendment and Restatement

The VoiceStream/Powertel merger agreement was originally entered into between VoiceStream and Powertel on August 26, 2000. On September 28, 2000, the VoiceStream/Powertel merger agreement was amended and restated for the purpose of making merger subsidiary a party to the VoiceStream/Powertel merger agreement and other technical changes. On February 8, 2001, the VoiceStream/Powertel merger agreement was further amended and restated primarily for the purposes of adjusting the calculation of the conversion number in the event the dividends permitted under the Deutsche Telekom/VoiceStream merger agreement and the Deutsche Telekom/Powertel merger agreement are paid.

VoiceStream's Agreements with Stockholders of Powertel

In connection with the execution of the VoiceStream/Powertel merger agreement, VoiceStream entered into separate agreements with Powertel stockholders who, in the aggregate, had sufficient voting power as of the Powertel record date to approve the VoiceStream/Powertel merger. We summarize the material terms of these agreements below, and this summary is qualified in its entirety by reference to the

text of the stockholder agreements, copies of which have been filed as exhibits to VoiceStream's and Deutsche Telekom's respective registration statements and are incorporated herein by reference.

The following Powertel stockholders and some of their affiliates have entered into stockholder agreements with VoiceStream in connection with the VoiceStream/Powertel merger:

ITC Holding Company, Inc.
SCANA Communications Holdings, Inc.
Sonera Corporation
Donald W. Burton and certain limited partnerships controlled by him
American Water Works Company

Agreement to Vote

Each stockholder agreement obligates the stockholder that is a party to the agreement to vote all its Powertel shares in favor of the VoiceStream/Powertel merger and the VoiceStream/Powertel merger agreement and to vote all of its Powertel shares against any alternative transaction, as defined in the VoiceStream/Powertel merger agreement and as discussed under "— The VoiceStream/Powertel Merger Agreement — Offers for Alternative Transactions," or the liquidation or winding up of Powertel. Each stockholder's obligation to vote in this manner applies whether or not the Powertel board of directors continues to recommend the VoiceStream/Powertel merger to the Powertel stockholders.

Transfer Restrictions

Each stockholder agreement restricts or limits the ability of the stockholder that is a party to the agreement to sell, transfer, pledge, assign or otherwise dispose of, any of its Powertel shares, or rights to purchase Powertel shares or, until six months after completion of the VoiceStream/Powertel merger, VoiceStream common shares, in each case that are subject to the stockholder agreement. The stockholders that are parties to the stockholder agreements can sell, transfer, pledge, assign or otherwise dispose of their Powertel shares or VoiceStream shares, as the case may be, in limited circumstances, with VoiceStream's written consent, as expressly permitted by the stockholder agreement, pursuant to the VoiceStream/Powertel merger agreement or pursuant to the Deutsche Telekom/Powertel merger agreement. In that regard, each stockholder agreement, other than the agreement with American Water Works Company, provides that:

- until the later of January 1, 2001 and the date of the Powertel special meeting, the stockholder may not sell, transfer, pledge, assign or otherwise dispose of, any Powertel shares or rights that are subject to the stockholder agreement;
- from the later of January 1, 2001 and the date of the Powertel special meeting, until the earlier of the completion of the VoiceStream/Powertel merger or the termination of the VoiceStream/Powertel merger agreement, the stockholder may sell or transfer up to an aggregate of 25% of the number of Powertel shares owned by such stockholder, which percentage increases commensurately to that percentage sold, subject to certain exempt transfers, by any VoiceStream stockholder who executed a VoiceStream stockholder agreement pursuant to the VoiceStream/Powertel merger agreement;
- from the completion of the VoiceStream/Powertel merger through and including the six month anniversary of the completion of the VoiceStream/Powertel merger, the stockholder may not sell, transfer, pledge, assign or otherwise dispose of, any VoiceStream common shares that are subject to the stockholder agreement except in accordance with Rule 144 and Rule 145 of the Securities Act, except that if a VoiceStream stockholder who executed a VoiceStream stockholder agreement pursuant to the VoiceStream/Powertel merger agreement proposes to transfer more than the number of shares permitted to be transferred under Rule 144, subject to certain exempt transfers, then the Powertel stockholder may transfer shares under its registration rights commensurate with that percentage sold by the VoiceStream stockholder; and

- after the six-month anniversary of the completion of the VoiceStream/Powertel merger, all contractual sale and transfer restrictions end.

For a description of the stockholder agreements executed by VoiceStream stockholders pursuant to the VoiceStream/Powertel merger agreement, see “— Powertel’s Agreements with Stockholders of VoiceStream.”

Termination

Each stockholder agreement will terminate upon the earliest to occur of:

- the completion of the VoiceStream/Powertel merger;
- the termination of the VoiceStream/Powertel merger agreement; and
- August 26, 2002.

No Solicitation

Each stockholder agrees not to initiate or participate in, and not to authorize any representatives to solicit, initiate or participate in, discussions or negotiations regarding transactions or business combinations between Powertel and a company other than VoiceStream, except as otherwise permitted by the VoiceStream/Powertel merger agreement. See “— The VoiceStream/Powertel Merger Agreement — Offers for Alternative Transactions.”

Powertel’s Agreements with Stockholders of VoiceStream

In connection with the execution of the VoiceStream/Powertel merger agreement, Powertel entered into separate agreements with VoiceStream stockholders who, in the aggregate, had sufficient voting power as of the VoiceStream record date to approve the VoiceStream/Powertel merger. In addition, Deutsche Telekom agreed in the Deutsche Telekom/Powertel merger agreement to vote in favor of the VoiceStream/Powertel merger. We summarize the material terms of these agreements below, and this summary is qualified in its entirety by reference to the text of the stockholder agreements, copies of which have been filed as exhibits to VoiceStream’s and Deutsche Telekom’s registration statements and are incorporated herein by reference.

Agreement to Vote

Each stockholder agreement obligates the stockholder that is a party to the agreement to vote all of its VoiceStream shares in favor of the VoiceStream/Powertel merger and the VoiceStream/Powertel merger agreement. The Deutsche Telekom/Powertel merger agreement obligates Deutsche Telekom to vote all of its VoiceStream shares in favor of the VoiceStream/Powertel merger and the VoiceStream/Powertel merger agreement. Each stockholder’s obligation to vote in this manner is irrevocable and unconditional.

Transfer Restrictions

Each of the stockholder agreements and, with respect to Deutsche Telekom, the Deutsche Telekom/Powertel merger agreement, restricts or limits the ability of the stockholder that is a party to the agreement to sell, transfer, pledge, assign or otherwise dispose of any VoiceStream shares owned by such stockholder until the later of January 1, 2001 and the date of the VoiceStream special meeting, except to affiliates and by operation of law, in each case where the transferees agree to be bound by the terms of the stockholder agreement.

Each VoiceStream stockholder who is a party to a stockholder agreement, not including Deutsche Telekom, has agreed as follows:

- from the later of January 1, 2001 and the date of the VoiceStream special meeting, until the earlier of the completion of the VoiceStream/Powertel merger or the termination of the VoiceStream/Powertel merger agreement, if a VoiceStream stockholder proposes to sell, transfer, or exercise

registration rights with respect to more than 25% of the VoiceStream stockholders' shares, then the VoiceStream stockholder must notify each of the Powertel stockholders who entered into stockholder agreements with VoiceStream of the proposed sale, transfer or exercise of rights and waive any right the VoiceStream stockholder has to preclude or delay the filing of a registration statement on behalf of any of these Powertel stockholders or transfers of Powertel shares in the amount permitted by the applicable Powertel stockholder agreement; and

- for six months beginning on the completion of the VoiceStream/Powertel merger, if the VoiceStream stockholder proposes to sell, transfer, or exercise registration rights with respect to more VoiceStream shares than the VoiceStream stockholder is permitted to sell or transfer under the volume restrictions of Rule 144 of the Securities Act, the VoiceStream stockholder must notify each of the Powertel stockholders who entered into stockholder agreements with VoiceStream of the proposed sale, transfer or exercise of rights and either allow the Powertel stockholder to participate in the registration or waive any right the VoiceStream stockholder has to preclude or delay the filing of a registration statement on behalf of any of these Powertel stockholders.

Agreement to Elect a Powertel Nominee to the VoiceStream Board of Directors

Each VoiceStream stockholder that is a party to a stockholder agreement has agreed that it will vote all its VoiceStream common shares, and Deutsche Telekom has agreed in the Deutsche Telekom/Powertel merger agreement to vote all of its VoiceStream voting preferred shares at the two annual meetings of VoiceStream following the completion of the VoiceStream/Powertel merger in favor of the election to VoiceStream's board of directors of one nominee, and successors of such nominee, chosen by Powertel and acceptable to VoiceStream. After the completion of the VoiceStream/Powertel merger, in the event a nominee or successor nominee chosen by Powertel before the VoiceStream/Powertel merger is completed is unable or unwilling to serve, two current Powertel stockholders may, by mutual agreement, name an alternate successor. Deutsche Telekom's obligation is not enforceable if it would reduce its rights to appoint directors representing 10% of VoiceStream's board of directors. To effect these voting arrangements, these VoiceStream stockholders have agreed to amend existing VoiceStream voting agreements to which they are parties. See "— VoiceStream's Agreements with Stockholders of Powertel."

Termination

Each of the stockholder agreements, and the applicable provisions of the Deutsche Telekom/Powertel merger agreement, will terminate upon the earliest to occur of:

- the completion of the VoiceStream/Powertel merger;
- the termination of the VoiceStream/Powertel merger agreement; or
- August 26, 2002.

The Letter Agreement with Telephone & Data Systems, Inc.

In addition to the general provisions described above applying to each of the stockholder agreements, Telephone & Data Systems, Inc. and Powertel entered into a letter agreement. This agreement provides that, in the event that the board of directors of Telephone & Data Systems determines that Telephone & Data Systems is subject to the regulations of the Investment Company Act of 1940 and Telephone & Data Systems is unsuccessful in obtaining an exemption from such regulations or is not eligible for an exemption, the restrictions on Telephone & Data Systems' right to transfer VoiceStream common shares will be modified to allow it to sell the minimum number of VoiceStream common shares that would allow Telephone & Data Systems to avoid being characterized as an "investment company" under the Investment Company Act of 1940.

On December 27, 2000, TDS assigned to TDSI, its wholly-owned subsidiary, its stockholder agreement and the letter agreement with Powertel described above.

EXCHANGE RATES

Effective January 1, 1999, Germany and ten other member states of the European Union adopted the euro as their common currency. With the first quarter of 1999, Deutsche Telekom began publishing its consolidated financial statements in euros. Prior to January 1, 1999, Deutsche Telekom prepared its financial statements in Deutsche Marks in accordance with German GAAP. Amounts stated in euros appearing in this document for periods prior to January 1, 1999 have been translated from Deutsche Marks at the official fixed conversion rate of 1.00 EUR = DM 1.95583.

Unless otherwise stated, dollar amounts have been translated from euros using the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York. As of February 7, 2001, the latest practicable date for which exchange rate information was available prior to the printing of this document, the noon buying rate for the euro was one euro per 0.9331 of a U.S. dollar, which if expressed in Deutsche Marks would have been equivalent to a rate of one deutsche mark per 0.477 of a U.S. dollar, translated from euros at the official fixed conversion rate. This rate may differ from the actual rates used in the preparation of Deutsche Telekom's consolidated financial statements included or incorporated by reference herein. Accordingly, dollar amounts appearing in this proxy statement/prospectus may differ from the actual dollar amounts originally translated into euros in the preparation of Deutsche Telekom's financial statements.

The following table sets forth:

- for the years 1999 and 2000 and for the period from January 1, 2001 through February 7, 2001, the average, high, low and period-end noon buying rates for the euro expressed as dollars per 1.00 euro; and
- for each year in the period from 1995 through 1998, the average, high, low and period-end noon buying rates for the Deutsche Mark converted into euros at the official fixed conversion rate and expressed as dollars per 1.00 euro.

<u>Year</u>	<u>Average(a)</u>	<u>High</u>	<u>Low</u>	<u>Period-End</u>
1995	\$1.3715	\$1.4418	\$1.2528	\$1.3634
1996	1.2978	1.3626	1.2493	1.2711
1997	1.1244	1.2689	1.0398	1.0871
1998	1.1120	1.2178	1.0548	1.1733
1999	1.0588	1.1812	1.0016	1.0070
2000	0.9232	1.0335	0.8270	0.9388
2001 (through February 7)	0.9308	0.9535	0.9181	0.9331

(a) The average of the noon buying rates on the last business day of each month during the relevant period.

Commencing January 4, 1999, the Deutsche Telekom ordinary shares have traded on the German stock exchanges in euros. Fluctuations in the exchange rate between the euro and the dollar will affect the dollar equivalent of the euro price of the Deutsche Telekom ordinary shares on the German stock exchanges and, as a result, are likely to affect the market price of the Deutsche Telekom ADSs on the NYSE. Deutsche Telekom will declare any cash dividends in euros, and exchange rate fluctuations will affect the dollar amounts you receive if you are a holder of Deutsche Telekom ADSs on conversion of cash dividends on the ordinary shares represented by your Deutsche Telekom ADSs.

MARKET PRICE AND DIVIDEND DATA

Market Prices

Deutsche Telekom

The principal trading market for Deutsche Telekom's shares is the Frankfurt Stock Exchange. The shares also trade on the other German stock exchanges in Berlin, Bremen, Düsseldorf, Hamburg, Hanover, Munich and Stuttgart and on the Tokyo Stock Exchange. Options on the shares trade on the German options exchange (*Eurex Deutschland*) and other exchanges. Originally, Deutsche Telekom issued all of its shares in bearer form. With effect from January 24, 2000, the shares were converted from bearer form to registered form.

From January 4, 1999, all shares on German stock exchanges have traded in euros.

The table below sets forth, for the periods indicated, the high and low closing sales prices for the Deutsche Telekom ordinary shares on the Frankfurt Stock Exchange, as reported by the Frankfurt Stock Exchange XETRA trading system, together with the high and low volumes of the DAX (*Deutscher Aktienindex*).

	Price Per Ordinary Share		Price Per Ordinary Share		DAX(a)	
	High	Low	High	Low	High	Low
	euros		DM			
Year ended December 31, 1998						
First Quarter	—	—	41.65	31.19	5,114.13	4,134.64
Second Quarter	—	—	50.14	39.70	5,915.13	5,018.67
Third Quarter	—	—	55.61	44.90	6,171.43	4,433.87
Fourth Quarter	—	—	55.97	43.40	5,121.48	3,896.08
Year ended December 31, 1999						
First Quarter	43.45	31.35	—	—	5,443.62	4,678.72
Second Quarter	44.55	34.23	—	—	5,468.67	4,914.59
Third Quarter	43.15	36.90	—	—	5,652.02	4,978.45
Fourth Quarter	71.50	38.11	—	—	6,958.14	5,124.55
Year ended December 31, 2000						
First Quarter	103.50	61.00	—	—	8,064.97	6,474.92
Second Quarter	80.40	55.80	—	—	7,599.39	6,834.88
Third Quarter	61.35	38.40	—	—	7,480.14	6,682.92
Fourth Quarter	45.11	31.48	—	—	7,136.30	6,200.71
Year ended December 31, 2001						
First Quarter (through February 7)	38.75	31.20	—	—	6,795.14	6,289.82

(a) The DAX is a weighted performance index of the shares of 30 large German corporations. The calculation of the DAX did not change upon the introduction of the euro.

The table below sets forth, for the periods indicated, the high and low closing sales prices for the Deutsche Telekom ADSs on the NYSE:

	Price per Deutsche Telekom ADS	
	High	Low
	(U.S.\$ per Deutsche Telekom ADS)	
Year Ended December 31, 1998		
First Quarter	\$22 ⁷ / ₈	\$17 ¹ / ₁₆
Second Quarter	28 ⁵ / ₁₆	21 ¹ / ₈
Third Quarter	32	24
Fourth Quarter	33 ¹ / ₂	26 ¹ / ₄
Year Ended December 31, 1999		
First Quarter	47 ¹ / ₈	33 ¹ / ₁₆
Second Quarter	45 ⁷ / ₈	36 ¹ / ₄
Third Quarter	45 ⁷ / ₁₆	39 ⁵ / ₈
Fourth Quarter	71	40 ³ / ₄
Year Ended December 31, 2000		
First Quarter	100 ¹ / ₄	62 ⁵ / ₈
Second Quarter	79 ¹ / ₂	49 ¹ / ₄
Third Quarter	58 ¹¹⁵ / ₂₅₆	33 ²⁹ / ₆₄
Fourth Quarter	38 ³ / ₁₆	29 ¹ / ₄
Year Ended December 31, 2001		
First Quarter (through February 7)	36 ⁹ / ₁₆	29 ¹ / ₂

You are urged to obtain a current market quotation for the Deutsche Telekom ADSs and Deutsche Telekom ordinary shares.

On July 21, 2000, the last trading day prior to the formal public announcement of the signing of the Deutsche Telekom/VoiceStream merger agreement, the closing sales price per Deutsche Telekom ordinary share on the Frankfurt Stock Exchange was 55.27 euros, equivalent to U.S.\$51.6388 per Deutsche Telekom ordinary share, translated at the noon buying rate for July 21, 2000, and the high and low bid prices for the Deutsche Telekom ADSs as quoted on the NYSE were \$52 and \$50¹³/₁₆, respectively.

On August 25, 2000, the last trading day prior to the formal public announcement of the signing of the Deutsche Telekom/Powertel merger agreement, the closing sales price per Deutsche Telekom ordinary share on the Frankfurt Stock Exchange was 44.30 euros, equivalent to U.S.\$39.9763 per Deutsche Telekom ordinary share, translated at the noon buying rate for August 25, 2000 per Deutsche Telekom ordinary share, and the high and low bid prices for the Deutsche Telekom ADSs as quoted on the NYSE were \$40⁹/₁₆ and \$40, respectively.

On February 7, 2001, the last trading day for which information was available prior to the printing of this proxy statement/prospectus, the closing sales price per Deutsche Telekom ordinary share on the Frankfurt Stock Exchange was 33.02 euros, equivalent to U.S.\$30.81 based on an exchange rate of one euro per 0.9331 of a U.S. dollar, and the high and low bid prices for the Deutsche Telekom ADSs as quoted on the NYSE were \$31.28 and \$30.67, respectively.

The Deutsche Telekom ordinary shares are listed on the Frankfurt Stock Exchange under the symbol "DTE". Deutsche Telekom ADSs, each representing one Deutsche Telekom ordinary share, are listed on the NYSE under the symbol "DT". The depositary for the Deutsche Telekom ADSs is Citibank N.A. As of December 31, 2000, there were 25,386,798 Deutsche Telekom ADSs outstanding, with 490 holders of record of Deutsche Telekom ADSs with addresses in the United States and 52 holders of record of ADSs with addresses outside the United States. As of December 31, 2000, there were approximately

2,831,562 registered holders of Deutsche Telekom ordinary shares including 2,860 holders of record of Deutsche Telekom ordinary shares with addresses in the U.S.

VoiceStream

Since VoiceStream's spin-off from Western Wireless on May 3, 1999, VoiceStream common shares have traded on the Nasdaq Stock Market under the ticker symbol "VSTR". The table below sets forth, for the calendar quarters indicated, the high and low sale prices of VoiceStream common shares as reported on the Nasdaq Stock Market.

	VoiceStream Common Stock	
	High	Low
	(U.S.\$ per Share)	
Year Ended December 31, 1999(a)		
First Quarter	\$ —	\$—
Second Quarter	34 ¹ / ₄	16 ³ / ₈
Third Quarter	72	28 ¹ / ₈
Fourth Quarter	142 ⁵ / ₁₆	57 ³ / ₄
Year Ended December 31, 2000		
First Quarter	159 ⁵ / ₁₆	97 ¹ / ₂
Second Quarter	143 ³ / ₈	77 ³ / ₈
Third Quarter	161	100 ¹³ / ₁₆
Fourth Quarter	131 ¹ / ₂	100 ⁵ / ₈
Year Ended December 31, 2001		
First Quarter (through February 7)	134	101

(a) Because VoiceStream completed its spin-off from Western Wireless during the second quarter of 1999, no trading information is available for any prior period.

On July 21, 2000, the last trading day prior to the formal public announcement of the signing of the Deutsche Telekom/VoiceStream merger agreement, the last sale price of VoiceStream common shares on Nasdaq was \$149.75 per share. On August 25, 2000, the last trading day prior to the formal announcement of the signing of the VoiceStream/Powertel merger agreement, the last sale price of VoiceStream common shares on Nasdaq was \$118³/₁₆ per share. On February 7, 2001, the last trading day for which information was available prior to the printing of this document, the last sale price of VoiceStream common shares on the Nasdaq was \$118¹³/₁₆ per share.

As of February 7, 2001, the last date prior to the printing of this document for which it was practicable for us to obtain this information, there were approximately 1,985 registered holders of VoiceStream common shares.

You are urged to obtain a current market quotation for the VoiceStream common shares.

Powertel

Powertel common shares are currently traded on the Nasdaq Stock Market under the ticker symbol "PTEL." The table below sets forth, for the calendar quarters indicated, the high and low sale prices of Powertel common shares as reported on the Nasdaq Stock Market.

	Powertel Common Shares	
	High	Low
	(US\$ per share)	
Year Ended December 31, 1998		
First Quarter	\$ 25 ¹ / ₁₆	\$16 ³ / ₄
Second Quarter	24 ¹ / ₈	15 ³ / ₄
Third Quarter	21 ¹ / ₄	9 ⁵ / ₈
Fourth Quarter	16 ¹ / ₄	9 ⁵ / ₁₆
Year Ended December 31, 1999		
First Quarter	17 ³ / ₄	12 ⁵ / ₁₆
Second Quarter	32 ¹ / ₂	13 ³ / ₈
Third Quarter	59	28 ⁵ / ₈
Fourth Quarter	105	50 ⁷ / ₈
Year Ended December 31, 2000		
First Quarter	104 ⁵ / ₈	66 ³ / ₄
Second Quarter	91 ¹³ / ₁₆	53 ¹ / ₂
Third Quarter	97 ²⁷ / ₆₄	66 ¹ / ₂
Fourth Quarter	86 ²⁵ / ₆₄	61 ³⁷ / ₆₄
Year Ended December 31, 2001		
First Quarter (through February 7, 2001)	89 ¹ / ₄	62 ⁹ / ₁₆

On August 25, 2000, the last trading day prior to the formal public announcement of the signing of the Deutsche Telekom/Powertel merger agreement and the VoiceStream/Powertel merger agreement, the last sale price of Powertel common shares on Nasdaq was \$86.63 per share. On February 7, 2001, the last trading day for which information was available prior to the printing of this document, the last sale price of Powertel common stock on Nasdaq was \$76¹¹/₁₆ per share. The Powertel preferred shares are not traded on Nasdaq or on any U.S. national securities exchange.

As of February 7, 2001, the last date prior to the printing of this document for which it was practicable for Powertel to obtain this information, there were approximately 275 registered holders of Powertel common shares.

You are urged to obtain a current market quotation for the Powertel common shares.

Dividend Data

Deutsche Telekom

The Deutsche Telekom ADSs and Deutsche Telekom ordinary shares issued in connection with the Deutsche Telekom/VoiceStream and Deutsche Telekom/Powertel mergers in 2001 will have the same dividend rights as the other currently outstanding Deutsche Telekom ADSs and Deutsche Telekom ordinary shares with respect to fiscal year 2001 and subsequent years. Any dividends with respect to fiscal year 2000 that are approved at the next annual general meeting of Deutsche Telekom shareholders, which is currently scheduled for May 29, 2001, would be payable after such meeting to shareholders as of the date of completion of such meeting. If the next annual general meeting is held on May 29, 2001, as currently scheduled, VoiceStream and Powertel stockholders who receive Deutsche Telekom ADSs or Deutsche Telekom ordinary shares in the Deutsche Telekom/VoiceStream merger or the Deutsche Telekom/Powertel merger will not be entitled to receive any dividends that may be declared with respect to fiscal year 2000. For information relevant to receipt of dividend payments by Deutsche Telekom ADS

holders, see “Exchange Rates,” “Description of Deutsche Telekom Ordinary Shares — Dividends and Other Distributions” and “Description of Deutsche Telekom American Depositary Shares — Dividends and Distributions.”

The following table sets forth the annual dividends paid per Deutsche Telekom ordinary share with respect to each of the fiscal years indicated:

<u>Year Ended December 31,</u>	<u>Dividend Paid per Deutsche Telekom Ordinary Share</u>		
	<u>DM</u>	<u>euro</u>	<u>\$ (a)</u>
1996	0.60	—	0.35
1997	1.20	—	0.68
1998	1.20	—	0.64
1999	—	0.62	0.58

(a) Dividend amounts have been translated into dollars at the noon buying rate for the relevant dividend payment date, which occurred during the second quarter of the following year.

The dividend levels of past years may not be indicative of future dividends.

Shareholders determine the declaration, amount and timing of dividends in respect of each fiscal year at their annual general meeting in the following year, upon the joint recommendation of the management board and the supervisory board. As long as the Federal Republic and KfW own a majority of Deutsche Telekom’s voting share capital, they will have the power to control most decisions taken at shareholders’ meetings, including the approval of proposed dividend payments. We expect that, as a result of the Deutsche Telekom/VoiceStream merger and the Deutsche Telekom/Powertel merger, the Federal Republic and KfW will no longer own a majority of Deutsche Telekom’s voting share capital. Deutsche Telekom may declare and pay dividends only from distributable balance sheet profits (*Bilanzgewinn*) of Deutsche Telekom, as adjusted to reflect losses or gains carried over from prior years as well as transfers to or from retained earnings. Certain reserves (*Rücklagen*) are required by law to be made and deducted in calculating distributable balance sheet profits available for distribution as dividends.

The payment of future dividends depends on Deutsche Telekom’s earnings, its financial condition and other factors, including cash requirements, the future prospects of Deutsche Telekom and tax, regulatory and other legal considerations. Although Deutsche Telekom expects to pay annual dividends on its shares, you should not assume that any dividend will actually be paid or make any assumption about the amount that will be paid in any given year. To the extent necessary to implement Deutsche Telekom’s dividend policy, Deutsche Telekom will consider drawing upon its retained earnings. Deutsche Telekom’s ability to pay dividends is determined by reference to the unconsolidated financial statements of Deutsche Telekom, which are prepared in accordance with German GAAP. Dividends paid will be subject to German withholding tax. For further information on German withholding tax and related U.S. refund procedures, see “U.S. Federal and German Tax Consequences.”

VoiceStream

VoiceStream has never declared or paid dividends on its common shares and does not anticipate paying cash dividends in the foreseeable future. However, VoiceStream anticipates paying a stock dividend of 0.0075 of a VoiceStream common share for each VoiceStream common share outstanding prior to the completion of the Deutsche Telekom/VoiceStream merger. In addition, VoiceStream has entered into certain credit agreements and indentures which contain restrictions on its ability to declare and pay cash dividends on its common shares. For more information on such restrictions, please refer to VoiceStream’s Form 10-K for the fiscal year ended December 31, 1999, which is incorporated by reference into this proxy statement/prospectus.

Powertel

Powertel has never declared or paid cash dividends on its common shares and does not anticipate paying cash dividends in the foreseeable future. However, Powertel anticipates paying a stock dividend of 0.0075 of a Powertel common share for each Powertel common share outstanding prior to the completion of the Deutsche Telekom/Powertel merger. Powertel's Series E preferred shares and Series F preferred shares accrue a cumulative 6.5% annual dividend that is payable quarterly in Powertel common shares or cash. Powertel pays these dividends in Powertel common shares because it is prohibited from paying cash dividends due to restrictions contained in agreements governing its and its subsidiaries' indebtedness. For more information on such restrictions, please refer to Powertel's Form 10-K for the fiscal year ended December 31, 1999, which is incorporated by reference into this proxy statement/prospectus.

DESCRIPTION OF DEUTSCHE TELEKOM ORDINARY SHARES

The following are only summaries of the terms of Deutsche Telekom's share capital, the provisions of Deutsche Telekom's Articles of Association and applicable German law in effect at the date of this proxy statement/prospectus. A copy of Deutsche Telekom's Memorandum and Articles of Association has been filed as an exhibit to Deutsche Telekom's registration statement and is incorporated herein by reference. You are encouraged to read these documents in their entirety.

Share Capital

Deutsche Telekom's share capital amounts to 7,755,786,327.04 euros divided into 3,029,604,034 ordinary shares issued in registered form. The individual ordinary shares do not have a par value as such, but they do have a notional par value that can be determined by dividing the share capital amount by the number of ordinary shares.

Holders of ordinary shares, but not holders of ADSs, are required to provide to Deutsche Telekom their names, addresses and occupations, or, in the case of business entities, their names, business addresses and registered seats, as well as the number of ordinary shares held, so that they can be entered into the share register maintained by Deutsche Telekom. Following amendments to the German Stock Corporation Act entered into force on January 25, 2001, persons holding ordinary shares are required to provide their dates of birth in lieu of their occupations. It is also possible to have a third party, such third party a "street name", registered in lieu of the shareholders. ADEUS Aktienregister-Service-GmbH, a joint venture of Dresdner Bank AG, Allianz AG, Münchener Rückversicherungs-Gesellschaft AG in München and CSC Ploenzke AG, is the transfer agent and registrar of the registered ordinary shares in Germany. Citibank, N.A. is the depositary bank for the Deutsche Telekom ADSs. See "Description of Deutsche Telekom American Depositary Shares."

Generally, the share capital of Deutsche Telekom may be increased, other than by conditional capital or authorized capital, in consideration of contributions in cash or in kind by a resolution passed at a general meeting of the shareholders of Deutsche Telekom by a majority of the votes cast.

An English translation of the Deutsche Telekom Articles of Association (*Satzung*) has been filed as an exhibit to this registration statement.

Authorized Capital

Section 5(2) of the Articles of Association (*Satzung*) of Deutsche Telekom authorizes the Deutsche Telekom management board, with the approval of the Deutsche Telekom supervisory board, to increase Deutsche Telekom's share capital by up to a nominal amount of 3,865,093,163.52 euros by issuing up to 1,509,802,017 new ordinary shares for noncash contributions through May 25, 2005. In addition, according to Section 5(3) of the Articles of Association, the Deutsche Telekom management board, with approval of the Deutsche Telekom supervisory board, is authorized to increase Deutsche Telekom's share capital by up to a nominal amount of 12,800,000 euros by issuing up to 5,000,000 new ordinary shares for cash or noncash contributions for offerings to management and key employees under a stock option plan through

May 25, 2005. In both cases, shareholders do not have preemptive rights (*Bezugsrechte*), which means that existing shareholders of Deutsche Telekom do not have a right to subscribe for new Deutsche Telekom shares in the capital increase in proportion to their existing holdings of Deutsche Telekom shares before shares from the capital increase may be sold to other persons.

Conditional Capital

Section 5(5) of the Articles of Association provides for a conditional capital of up to a nominal amount of 64 million euros or up to 25 million new ordinary shares. This conditional share capital may only be used if and to the extent that option rights granted pursuant to Deutsche Telekom's stock option plan described below are exercised and new ordinary shares are delivered upon such exercise. Option rights that have not been or may not be exercised prior the expiration of the exercise period will expire. The ordinary shares issued from the conditional share capital generally will be entitled to any dividends paid in respect of the year in which they are issued. Shares that are issued after the end of any fiscal year, but before the ordinary general shareholders meeting at which the activities of the Deutsche Telekom management board for that year are approved, will be entitled to any dividends paid in respect of that year.

At their annual meeting on May 25, 2000, the shareholders of Deutsche Telekom authorized the Deutsche Telekom supervisory board to grant stock options to the members of its management board and authorized the Deutsche Telekom management board to grant stock options to all other eligible participants. The Deutsche Telekom supervisory board is authorized to determine the detailed terms for the issuance of ordinary shares from the conditional share capital and for the grant of options as well as the other terms of the stock option plan if the Deutsche Telekom management board is the beneficiary of the stock option plan. In all other cases, the Deutsche Telekom management board is authorized to make these determinations.

The principal terms of the stock option plan are:

- *Eligible Participants.* The conditional share capital may only be used to grant stock options to members of the Deutsche Telekom management board, senior management at the levels below the Deutsche Telekom Management Board and certain managers of Deutsche Telekom's domestic or foreign group companies. Of the total number of options available under the stock option plan, 20% may be granted to members of the Deutsche Telekom management board and 15% may be granted to managers of Deutsche Telekom's domestic and foreign group companies.
- *Lock-up Period, Exercise Period.* Options may not be exercised before the expiration of two years after they have been granted. They may be exercised for a period of three years following the lock-up period, which in this document we refer to as the "exercise period".
- *Strike Price.* Each option entitles the holder to purchase one ordinary share at the strike price. The strike price of the options will be equal to the average of the closing prices quoted in the XETRA system of the Frankfurt Stock Exchange on the 30 trading days prior to the day on which the options are granted.
- *Performance Requirements.* The options may be exercised on any stock exchange trading day in Frankfurt am Main during the exercise period if both of the following performance requirements have been met:
 - *Absolute Performance.* The average ordinary share price during any 30 day period following the two year lock-up period must exceed the strike price of the options by at least 20%.
 - *Relative Performance.* In addition, exercise of the options is linked to the performance of the ordinary shares relative to the performance of the Dow Jones Euro Stoxx 50 index. The options may only be exercised if, during any 30 day period following expiration of the two year lock-up period, the performance of the ordinary shares, adjusted for dividends, preemptive rights and other special rights, which in this document we refer to as the "total shareholder return", exceeds the performance of the Euro Stoxx 50 index.

Under the authorization, stock options may be granted in annual tranches. Stock options are to be granted within the eight week period following the ordinary general shareholders meeting in each year. The last tranche of options may be granted in 2004. The terms and conditions of the stock options may provide Deutsche Telekom with the right to make a cash payment instead of issuing new ordinary shares upon exercise.

The terms and conditions of the options may also provide that the Deutsche Telekom management board, and with respect to members of the Deutsche Telekom management board, the Deutsche Telekom supervisory board, will be authorized to determine that in lieu of one ordinary share against payment of the strike price, a smaller number of ordinary shares may be issued upon exercise of an option against payment of the minimum issue price. If that determination is made, then each option will not entitle the holder to purchase one ordinary share at the strike price set at the time of issuance of the option, but only a certain number of options will entitle the holder to purchase one ordinary share at the minimum issue price. The number of options necessary to purchase one ordinary share will be determined as follows:

$$A = \frac{K-M}{K-X}$$

Where:

A: means the number of options necessary to purchase one ordinary share;

X: means the strike price;

K: means the market price of a share at the time when the option is exercised; and

M: means the minimum issue price, currently 2.56 euros.

On June 26, 2000, two Deutsche Telekom shareholders filed a suit with the District Court in Bonn (*Landgericht Bonn*) seeking to have declared void the shareholders resolutions authorizing both the stock option plan and a related conditional capital increase. Deutsche Telekom cannot at present predict how long it will take to resolve this litigation or what its outcome will be.

Repurchase of Shares

Under the German Stock Corporation Act (*Aktiengesetz*), Deutsche Telekom may not purchase its own ordinary shares, subject to certain limited exceptions.

The general shareholders meeting on May 25, 2000 approved a resolution that authorizes Deutsche Telekom pursuant to Section 71(1) no. 8 of the German Stock Corporation Act to purchase its own ordinary shares in an amount representing up to 10% of its registered share capital of approximately 7.76 billion euros through November 15, 2001. The purchase price for the ordinary shares, excluding purchasing costs, must not exceed or fall below the market price by more than 5%, in the case of a purchase on the stock exchange, or 20%, in the case of an offer to purchase made to all shareholders. The relevant market price for this purpose would be the opening auction price in the XETRA system of the Frankfurt Stock Exchange on the day of the purchase, in the case of a purchase on the stock exchange, or the closing price in the XETRA system on the day prior to the publication of the offer, in the case of a public offer to purchase made to all shareholders.

Pursuant to the resolution, the Deutsche Telekom management board is authorized, with approval of the Deutsche Telekom supervisory board, to:

- (1) list the acquired ordinary shares on foreign stock exchanges on which they are not listed;
- (2) offer the acquired ordinary shares to third parties in the context of mergers with and acquisitions of other companies and acquisitions of interests in other companies; and
- (3) cancel the acquired ordinary shares without further shareholder approval. This cancellation option can be exercised in whole or in part.

Shareholders do not have preemptive rights for the purposes listed in clauses (1) and (2) above. The price for any sale on a stock exchange or use in a merger or acquisition transaction would not be permitted to be more than 5% below the opening auction price of Deutsche Telekom's ordinary shares in the XETRA system of the Frankfurt Stock Exchange on the day of the sale on the stock exchange or the definitive agreement with a third party, as applicable.

Voting Rights and Shareholders Meetings

Each ordinary share entitles its holder to one vote at Deutsche Telekom's general meeting of shareholders. Shareholders may pass resolutions at a general meeting by a majority of the votes cast, unless a higher vote is required by law or by the Deutsche Telekom Articles of Association. Neither the German Stock Corporation Act nor the Articles of Association provide for minimum quorum requirements for shareholders meetings. The German Stock Corporation Act and the Articles of Association require that significant resolutions be passed by at least 75% of the share capital represented at a meeting.

These significant resolutions include:

- capital increases which provide for an exclusion of preemptive rights;
- capital decreases;
- the creation of authorized capital (*genehmigtes Kapital*) or conditional capital (*bedingtes Kapital*);
- dissolution of Deutsche Telekom;
- merger of Deutsche Telekom into or consolidation of Deutsche Telekom with another stock corporation;
- split- or spin-off;
- transfer of all Deutsche Telekom's assets;
- conclusion of intercompany agreements (*Unternehmensverträge*), including, in particular, direct control and profit and loss pooling agreements;
- amendments to the corporate purpose of Deutsche Telekom; and
- a change in Deutsche Telekom's corporate form.

A general meeting of the shareholders of Deutsche Telekom may be called by the Deutsche Telekom management board, the Deutsche Telekom supervisory board or by shareholders holding in the aggregate at least 5% of Deutsche Telekom's issued share capital. The annual general meeting must take place within the first eight months of the fiscal year and is called by the Deutsche Telekom management board upon the receipt of the Deutsche Telekom supervisory board's report on the annual financial statements. Under the Articles of Association, the right to participate in and to vote at a shareholders meeting will only be given to those shareholders who have timely registered for the shareholders meeting in writing or by fax with the Deutsche Telekom management board at the seat of the company and who are included in the share register when their registration is received and on the date of the shareholders meeting. There must be at least two days between receipt of the registration and the date of the shareholders meeting. Deutsche Telekom must publish notice of shareholders meetings in the Federal Gazette (*Bundesanzeiger*) at least one month prior to the date by which shareholders have to register for the shareholders meeting. The day of publication and the last date by which shareholders have to register for the shareholders meeting are not counted for this purpose. In addition, Deutsche Telekom must publish a notice in a national authorized stock exchange journal.

Those shareholders who have given timely notice to Deutsche Telekom in writing or by fax and who are registered in the share register at the time of this notice may participate in and vote in the general shareholders meeting. This notice must be given so that there are at least two days between the day when the notice is given and the day of the general shareholders meeting.

Dividends and Other Distributions

Deutsche Telekom may pay dividends immediately following the resolution by the general meeting of shareholders on the distribution of profits.

Under German law, Deutsche Telekom may declare and pay dividends only from balance sheet profits as shown in the unconsolidated annual financial statements of Deutsche Telekom. In determining the distributable balance sheet profits, the Deutsche Telekom management board and the Deutsche Telekom supervisory board may allocate to profit reserves (*andere Gewinnrücklagen*), either in whole or in part, the annual surplus (*Jahresüberschuss*) that remains after allocation to statutory reserves and losses carried forward. Under the Deutsche Telekom Articles of Association, transferring more than one-half of the annual surplus is not permissible if, following the transfer, the accumulated reserves out of surplus would exceed one-half of Deutsche Telekom's share capital. The shareholders, in determining the distribution of profits, may allocate additional amounts to profit reserves and may carry forward profits in part or in full.

Dividends approved at a shareholders meeting are payable on the first stock exchange trading day after that meeting, unless otherwise decided at the shareholders meeting. Details regarding paying agents are published in the Federal Gazette (*Bundesanzeiger*). Shareholders holding ordinary shares through Clearstream Banking AG will receive dividends by credit to their respective accounts.

Record Dates

In accordance with the German Stock Corporation Act, the record date for determining which holders of Deutsche Telekom ordinary shares are entitled to the payment of dividends or other distributions, whether in cash, stock or property, will be the date of the general meeting of shareholders at which such dividends or other distributions are declared. The record date for determining which holders of Deutsche Telekom ordinary shares are entitled to vote at a general meeting will be the date of such general meeting, provided that holders of Deutsche Telekom ordinary shares who are registered in the share register (*Aktienbuch*) on the date of the meeting will be entitled to attend and vote at the meeting only if such holders have given Deutsche Telekom notice of their desire to attend early enough that there are at least two days between the day the notice is given and the day of the several shareholders' meeting.

Preemptive Rights

Under the German Stock Corporation Act, every shareholder generally has preemptive rights with respect to an issuance of new ordinary shares, including securities convertible into ordinary shares, securities with warrants to purchase ordinary shares, profit-sharing certificates and securities with a profit participation. Preemptive rights regarding a specific capital increase are freely transferable and may be traded on the German stock exchanges for a limited number of days prior to the final date for the exercise of the rights. Shareholders may eliminate preemptive rights through a resolution passed by a qualified majority of at least three quarters of the share capital represented at a meeting. See “— Share Capital — Authorized Capital” for a description of the authorized capital where preemptive rights have been eliminated. In addition, an elimination of preemptive rights requires a report by the Deutsche Telekom management board, which must justify the elimination by establishing that Deutsche Telekom's interest in the elimination outweighs the shareholders' interest in exercising their preemptive rights. Preemptive rights related to the issuance of new ordinary shares may be eliminated without justification if:

- Deutsche Telekom increases share capital for cash contributions;
- the amount of the increase does not exceed 10% of the issued share capital; and
- the ordinary shares are sold at a price not substantially lower than the current quoted share price.

Shareholders do not have any preemptive rights with respect to ordinary shares issued using conditional capital. See “— Share Capital — Conditional Capital” for a description of the existing conditional capital.

Liquidation Rights

In accordance with the German Stock Corporation Act, upon a liquidation of Deutsche Telekom, shareholders will receive, in proportion to the ordinary shares held, any liquidation proceeds remaining after paying off all of Deutsche Telekom's liabilities.

Notification Requirements

Under the German Securities Trading Act (*Wertpapierhandelsgesetz*), any person whose direct or indirect voting interest reaches, exceeds or, after reaching, falls below 5%, 10%, 25%, 50% or 75% of the voting rights in Deutsche Telekom must, within no more than seven calendar days, inform Deutsche Telekom and the Federal Supervisory Authority for Securities Trading (*Bundesaufsichtsamt für den Wertpapierhandel*) in writing:

- that such person has reached, exceeded or fallen below one of these thresholds; and
- the extent of such person's voting rights.

Failure to notify Deutsche Telekom or the Federal Supervisory Authority will, for so long as such failure continues, disqualify the shareholder from exercising the rights attached to his ordinary shares, including voting rights and, if the shareholder is acting intentionally, the right to receive dividends. In addition, a penalty may be imposed as provided for by law.

German Foreign Exchange Controls

At present, the Federal Republic of Germany does not restrict the movement of capital between Germany and other countries, except investments in Iraq, Myanmar and Serbia and with institutions of the Taliban party in Afghanistan and the UNITA party in Angola. This is to comply with the applicable resolutions adopted by the United Nations and the European Union.

For statistical purposes, with certain exceptions, every corporation or individual residing in Germany is obligated to report any payment received from or made to a non-resident corporation or individual to the German Central Bank (*Deutsche Bundesbank*) if the payment exceeds DM 5,000 or EUR 2,500 or the equivalent in a foreign currency. Additionally, corporations and individuals residing in Germany must report to the German Central Bank any claims of a resident corporation or individual against or liabilities payable to a non-resident corporation or individual exceeding an aggregate of DM 3.0 million or 1.5 million euros or the equivalent in a foreign currency at the end of any calendar month.

Neither German law nor the Articles of Association restricts the right of non-resident or foreign owners of the ordinary shares to hold or vote the ordinary shares.

Inspection of Share Register

The share register of Deutsche Telekom will be maintained, on behalf and under the responsibility of the Deutsche Telekom Management Board, by ADEUS Aktienregister-Service-GmbH, for registration of any holder of Deutsche Telekom ordinary shares, upon such holder's request, as a shareholder of Deutsche Telekom. The share register will be open for inspection by the shareholders of Deutsche Telekom during normal business hours at the principal office of Deutsche Telekom in Bonn, Germany.

DESCRIPTION OF DEUTSCHE TELEKOM AMERICAN DEPOSITARY SHARES

Information About Deutsche Telekom ADSs

A Deutsche Telekom ADS is an American depositary share that represents one ordinary share of Deutsche Telekom. The Deutsche Telekom ADSs were created to allow U.S. shareholders of Deutsche Telekom to more easily hold and trade interests in Deutsche Telekom on U.S. markets. Citibank, N.A., the depositary for the Deutsche Telekom ADSs, will issue the Deutsche Telekom ADSs you will receive in the relevant merger, and Citibank AG, Frankfurt Branch, the custodian for the Deutsche Telekom ADSs, will hold the Deutsche Telekom ordinary shares represented by those ADSs on behalf of the depositary.

There are advantages and disadvantages to receiving Deutsche Telekom ADSs rather than Deutsche Telekom ordinary shares. Non-institutional holders may prefer to receive Deutsche Telekom ADSs instead of Deutsche Telekom ordinary shares for the following reasons:

- dividends on Deutsche Telekom ADSs are paid in U.S. dollars, whereas dividends on Deutsche Telekom ordinary shares are paid in euros; and
- Deutsche Telekom ADSs are traded in the United States on the NYSE, whereas Deutsche Telekom ordinary shares trade on the Frankfurt Stock Exchange and other non-U.S. exchanges, but do not trade on any U.S. national securities exchange.

You should, however, be aware that the trading volume of the Deutsche Telekom ordinary shares on the Frankfurt Stock Exchange historically has been significantly greater than the trading volume of the Deutsche Telekom ADSs on the NYSE. If this continues, it may be more advantageous for a holder to sell a large number of Deutsche Telekom ordinary shares on the Frankfurt Stock Exchange than to sell a large number of Deutsche Telekom ADSs on the NYSE. In addition, various fees are payable by holders of Deutsche Telekom ADSs to the depositary in connection with various transactions as described below. The rights of a holder of Deutsche Telekom ADSs also differ from the rights of a holder of Deutsche Telekom ordinary shares in other respects as described below and under "Description of Deutsche Telekom Ordinary Shares."

Citibank, N.A., as depositary bank for the Deutsche Telekom ADSs, will issue Deutsche Telekom ADSs to you in the form of a certificated American Depositary Receipt, which in this document we refer to as an "ADR", upon completion of the Deutsche Telekom/VoiceStream merger and the Deutsche Telekom/Powertel merger, unless you elect to receive Deutsche Telekom ordinary shares. Each Deutsche Telekom ADS represents one Deutsche Telekom ordinary share or the right to receive one Deutsche Telekom ordinary share on deposit with the custodian bank. A Deutsche Telekom ADS will also represent any other property received by the depositary bank or the custodian on behalf of the owner of the Deutsche Telekom ADS but not distributed to the owners of Deutsche Telekom ADSs because of legal restrictions or practical considerations.

Citibank's depositary offices are located at 111 Wall Street, New York, New York 10043. Deutsche Telekom ADSs represent ownership interests in securities that are on deposit with the depositary bank. The depositary bank typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank AG, located at Neue Mainzer Strasse 75, Frankfurt am Main, Germany.

Deutsche Telekom has appointed Citibank as depositary bank pursuant to a deposit agreement. The depositary bank will make available for inspection by holders at its office and at the office of Citibank AG copies of documents, reports and communications in respect of the Deutsche Telekom ADSs, including the deposit agreement and Deutsche Telekom's Articles of Association. Deutsche Telekom urges you to review the deposit agreement in its entirety as well as the form of ADR attached to the deposit agreement as it is the agreement that determines your rights and obligations as an owner of Deutsche Telekom ADSs. A copy of the deposit agreement is also on file with the SEC under cover of a Registration Statement on Form F-6. See "Additional Information — Where You Can Find More Information" for the location of the SEC Public Reference Room where you can get copies of the deposit agreement. The depositary bank will also mail copies of documents or reports and communications to you if requested by

Deutsche Telekom to do so and if it is lawful and practicable to do so. Please refer to Registration Number 333-05724 when retrieving a copy of the deposit agreement.

If you become an owner of Deutsche Telekom ADSs, you will become a party to the deposit agreement and therefore will be bound by its terms and by the terms of the ADR that represents your Deutsche Telekom ADSs. The deposit agreement and the ADR specify Deutsche Telekom's rights and obligations as well as your rights and obligations as an owner of Deutsche Telekom ADSs and those of the depositary bank. As a Deutsche Telekom ADS holder you appoint the depositary bank to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, Deutsche Telekom's obligations to the holders of ordinary shares will continue to be governed by the laws of Germany, which may be different from the laws in the United States. Deutsche Telekom will treat the depositary bank as the holder of the shares represented by your ADSs.

As an owner of Deutsche Telekom ADSs, you may hold your Deutsche Telekom ADSs either by means of an ADR registered in your name or through a brokerage or safekeeping account. If you decide to hold your Deutsche Telekom ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as a Deutsche Telekom ADS owner. Please consult with your broker or bank to determine what those procedures are. This summary description assumes you have opted to own the Deutsche Telekom ADSs directly by means of an ADR registered in your name, and as such, you are referred to as the "holder." When this summary refers to "you," it is on the assumption that the reader owns new Deutsche Telekom ADSs and will own Deutsche Telekom ADSs at the relevant time.

Dividends and Distributions

As a holder, you generally have the right to receive the distributions Deutsche Telekom makes on the securities deposited with the custodian bank. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders will receive the distributions under the terms of the deposit agreement in proportion to the number of Deutsche Telekom ADSs held as of a specified record date.

Distributions of Cash

Whenever Deutsche Telekom makes a cash distribution for the securities on deposit with the custodian, it will notify the depositary bank. Subject to any restrictions imposed by German laws or regulations, upon receipt of this notice the depositary bank will arrange for the funds to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the U.S. The amounts distributed to holders will be net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary will apply the same method for distributing the proceeds of the sale of any property, including costs estimated with conversions of foreign currency into U.S. dollars, such as undistributed rights, held by the custodian in respect of securities on deposit.

Distributions of Deutsche Telekom Ordinary Shares

Whenever Deutsche Telekom makes a free distribution of shares for the securities on deposit with the custodian, it will notify the depositary bank. Upon receipt of the notice, the depositary bank will either distribute to holders new Deutsche Telekom ADSs representing the Deutsche Telekom ordinary shares deposited or, with the written consent of Deutsche Telekom, modify the ratio of Deutsche Telekom ADSs to Deutsche Telekom ordinary shares, in which case each Deutsche Telekom ADS you hold will represent rights and interests in the additional Deutsche Telekom ordinary shares so deposited. Only whole new Deutsche Telekom ADSs will be distributed. Fractional entitlements will be sold and the proceeds of the sale will be distributed as in the case of a cash distribution.

The distribution of new Deutsche Telekom ADSs or the modification of the Deutsche Telekom ADS-to-Deutsche Telekom ordinary share ratio upon a distribution of Deutsche Telekom ordinary shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. To pay the taxes or governmental charges, the depositary bank may sell all or a portion of the new Deutsche Telekom ordinary shares so distributed.

No distribution of new Deutsche Telekom ADSs will be made if it would violate a law, e.g., the U.S. securities laws, or if it is not operationally practicable. On a distribution of new Deutsche Telekom ADSs, the depositary bank may reasonably request an opinion of counsel regarding the need for registration of the distribution under the U.S. Securities laws. Any such request may delay distribution to you of new Deutsche Telekom ADSs. If the depositary bank does not distribute new Deutsche Telekom ADSs as described above, it may sell the Deutsche Telekom ordinary shares received and distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever Deutsche Telekom intends to distribute rights to purchase additional Deutsche Telekom ordinary shares, it may give prior notice to the depositary bank and may assist the depositary bank in determining whether it is lawful and reasonably practicable to distribute rights to purchase additional Deutsche Telekom ADSs to holders.

The depositary bank will establish procedures to distribute rights to purchase additional Deutsche Telekom ADSs to holders and to enable holders to exercise their rights if it is lawful and reasonably practicable to make the rights available to holders of Deutsche Telekom ADSs, and if Deutsche Telekom provides all of the documentation contemplated in the deposit agreement, such as opinions to address the lawfulness of the transaction. You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new Deutsche Telekom ADSs upon the exercise of your rights. The depositary bank is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to purchase new Deutsche Telekom ordinary shares directly rather than new Deutsche Telekom ADSs.

The depositary bank will not distribute the rights to you if:

- Deutsche Telekom does not request that the rights be distributed to you or if it asks that the rights not be distributed to you;
- Deutsche Telekom fails to deliver satisfactory documents to the depositary bank; or
- it is not reasonably practicable to distribute the rights.

The depositary bank will sell the rights that are not exercised or not distributed if the sale is lawful and reasonably practicable. The proceeds of the sale will be distributed to holders as in the case of a cash distribution. If the depositary bank is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever Deutsche Telekom intends to distribute a dividend payable at the election of shareholders either in cash or in additional Deutsche Telekom ordinary shares, it will give prior notice thereof to the depositary bank and will indicate whether it wishes the elective distribution to be made available to you. In such case, Deutsche Telekom will assist the depositary bank in determining whether the distribution is lawful and reasonably practical.

The depositary bank will make the election available to you only if it is reasonably practical and if Deutsche Telekom has provided all of the documentation contemplated in the deposit agreement. In such case, the depositary bank will establish procedures to enable you to elect to receive either cash or additional Deutsche Telekom ADSs, in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional Deutsche Telekom ADSs, depending on what a shareholder in Germany would receive for failing to make an election, as more fully described in the deposit agreement.

Other Distributions

Whenever Deutsche Telekom intends to distribute property other than cash, Deutsche Telekom ordinary shares or rights to purchase additional Deutsche Telekom ordinary shares, it will notify the depositary bank in advance and will indicate whether it wishes the distribution to be made to you. If so, Deutsche Telekom will assist the depositary bank in determining whether the distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute the property to you, and if Deutsche Telekom provides all of the documentation contemplated in the deposit agreement, the depositary bank will distribute the property to the holders in a manner it deems practicable.

The depositary bank will make the distribution net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay the taxes and governmental charges, the depositary bank may sell all or a portion of the property received.

The depositary bank will not distribute the property to you and will sell the property if:

- Deutsche Telekom does not request that the property be distributed to you or if it asks that the property not be distributed to you;
- Deutsche Telekom fails to deliver satisfactory documents to the depositary bank; or
- the depositary bank determines that all or a portion of the distribution to you is not reasonably practicable.

The depositary bank will distribute the proceeds of the sale to holders as in the case of a cash distribution.

Changes Affecting Shares

The Deutsche Telekom ordinary shares held on deposit for your Deutsche Telekom ADSs may change from time to time. For example, there may be a change in nominal or par value, a split-up, consolidation or reclassification of the Deutsche Telekom ordinary shares or a recapitalization, reorganization, merger, consolidation or sale of assets.

If any such change were to occur, your Deutsche Telekom ADSs would, to the extent permitted by law, represent the right to receive the property received or exchanged in respect of the shares held on deposit. The depositary bank may in such circumstances deliver new Deutsche Telekom ADSs to you or call for the exchange of your existing Deutsche Telekom ADSs for new Deutsche Telekom ADSs and will do so upon request of Deutsche Telekom to the extent legally permitted. If the depositary bank may not lawfully distribute the property to you, the depositary bank may sell the property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of Deutsche Telekom ADSs upon Deposit of Deutsche Telekom Ordinary Shares

The depositary bank may create Deutsche Telekom ADSs on your behalf if you deposit Deutsche Telekom ordinary shares with the custodian. The depositary bank will deliver these Deutsche Telekom ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the Deutsche Telekom ordinary shares to the custodian. Your ability to deposit Deutsche Telekom ordinary shares could be limited by German legal considerations at the time of deposit.

The depositary bank may delay the issuance of ADSs until the depositary bank or the custodian receives confirmation that all required approvals have been given and that the Deutsche Telekom ordinary

shares have been duly transferred to the custodian. The depositary bank will only issue Deutsche Telekom ADSs in whole numbers.

When you deposit Deutsche Telekom ordinary shares, you will be responsible for transferring good and valid title to the depositary bank. You will thus be deemed to represent and warrant the following:

- The Deutsche Telekom ordinary shares are duly authorized, validly issued, outstanding, fully paid, non-assessable and legally obtained;
- All preemptive and similar rights, if any, with respect to the Deutsche Telekom ordinary shares have been validly waived or exercised;
- You are authorized to deposit the Deutsche Telekom ordinary shares; and
- The shares presented for deposit are free and clear of any lien, encumbrance, security interest, or other adverse claim, and are not, and the Deutsche Telekom ADSs issuable upon the deposit are not, subject to any other restriction on sale, transfer or deposit under the laws of the United States, the Federal Republic of Germany, or under a shareholders' agreement, or the Articles of Association, or any applicable regulations of any securities exchange.

If any of the representations or warranties are incorrect in any way, Deutsche Telekom and the depositary bank may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Withdrawal of Deutsche Telekom Ordinary Shares upon Cancellation of Deutsche Telekom ADSs

As a holder, you will be entitled to present your Deutsche Telekom ADSs to the depositary bank for cancellation and then receive the underlying shares at the custodian's offices. To withdraw the Deutsche Telekom ordinary shares represented by your Deutsche Telekom ADSs, you will be required to pay to the depositary the fees for cancellation of the Deutsche Telekom ADSs and any charges and taxes payable upon the transfer of the Deutsche Telekom ordinary shares being withdrawn. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the Deutsche Telekom ADSs will not have any rights under the deposit agreement.

If you hold an ADR registered in your name, the depositary bank may ask you to provide proof of identity and genuineness of any signature and certain other documents as the depositary bank may deem appropriate before it will cancel your Deutsche Telekom ADSs. The depositary bank may delay the withdrawal of the Deutsche Telekom ordinary shares represented by your Deutsche Telekom ADSs until it receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary bank will only accept Deutsche Telekom ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your Deutsche Telekom ADSs at any time except in the following cases:

- Temporary delays caused by closing transfer books of the depositary or Deutsche Telekom in connection with voting at a shareholders' meeting or the payment of dividends;
- Obligations to pay fees, taxes and similar charges; or
- Restrictions imposed because of laws or regulations applicable to Deutsche Telekom ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your Deutsche Telekom ADSs except to comply with mandatory provisions of law.

Voting Rights

At Deutsche Telekom's request, the depositary bank will mail to you any notice of shareholders' meeting received from Deutsche Telekom together with information explaining how to instruct the

depository bank to exercise the voting rights of the securities represented by Deutsche Telekom ADSs. If the depository bank timely receives voting instructions from a holder of Deutsche Telekom ADSs, it will endeavor to vote the securities represented by the holder's Deutsche Telekom ADSs in accordance with the voting instructions.

Please note that the ability of the depository bank to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit (including Deutsche Telekom's Articles of Association). Deutsche Telekom cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depository bank in a timely manner. Securities for which no voting instructions have been received will not be voted.

Fees and Charges

As a Deutsche Telekom ADS holder, you will be required to pay the following service fees to the depository bank:

<u>Service</u>	<u>Fees</u>
Issuance of Deutsche Telekom ADSs	Up to 5¢ per ADS issued
Cancellation of Deutsche Telekom ADSs	Up to 5¢ per ADS canceled
Exercise of rights to purchase additional Deutsche Telekom ADSs	Up to 5¢ per ADS issued

As a Deutsche Telekom ADS holder you may also be charged for the following expenses:

- Fees for the transfer and registration of Deutsche Telekom ordinary shares that the registrar and transfer agent charge for the transfer and registration of Deutsche Telekom ordinary shares in Germany, i.e., upon deposit and withdrawal of Deutsche Telekom ordinary shares;
- Expenses incurred for converting foreign currency into U.S. dollars or for the sale of property;
- Expenses for cable, telex and fax transmissions and for delivery of securities; and
- Taxes and duties upon the transfer of securities, i.e., when Deutsche Telekom ordinary shares are deposited or withdrawn from deposit.

The expenses you may be required to pay would be customary for transactions of this kind and are expected to be de minimis but may vary over time and may be changed by Deutsche Telekom and by the depository bank. You will receive prior notice of any changes. Deutsche Telekom has agreed to pay certain other charges and expenses of the depository bank.

Notification Requirements

As a holder of Deutsche Telekom ADSs, you agree to comply with provisions of German law relating to reporting of large positions in Deutsche Telekom shares. For a description of these legal provisions, see "Description of Deutsche Telekom Ordinary Shares — Notification Requirements." You also agree to provide certain information if reasonably requested by the depository bank or Deutsche Telekom.

Amendments and Termination

Deutsche Telekom may agree with the depository bank to modify the deposit agreement at any time without your consent. Any modification that would prejudice any of the substantial rights of holders under the deposit agreement, except in very limited circumstances enumerated in the deposit agreement, will not become effective until 60 days after notice has been given to the holders. Among the modifications that Deutsche Telekom will not consider to be materially prejudicial to your substantial rights are:

- any modifications or supplements that are reasonably necessary for the Deutsche Telekom ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay; and

- any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your Deutsche Telekom ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the Deutsche Telekom ordinary shares represented by your Deutsche Telekom ADSs, except as permitted by law.

Deutsche Telekom has the right to direct the depositary bank to terminate the deposit agreement. Similarly, the depositary bank may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary bank must give notice to the holders at least 30 days before termination.

Upon termination, the following will occur under the deposit agreement:

- For a period of one year after termination, you will be able to request the cancellation of your Deutsche Telekom ADSs and the withdrawal of the Deutsche Telekom ordinary shares represented by your Deutsche Telekom ADSs and the delivery of all other property held by the depositary bank in respect of those Deutsche Telekom ordinary shares on the same terms as prior to the termination. During this one year period the depositary bank will continue to collect all distributions received on the Deutsche Telekom ordinary shares on deposit but will not distribute the property to you until you request the cancellation of your Deutsche Telekom ADSs; and
- After the expiration of the one year period, the depositary bank may sell the securities held on deposit. The depositary bank will hold the proceeds from the sale and any other funds then held for the holders of Deutsche Telekom ADSs in a non-interest bearing account. At that point, the depositary bank will have no further obligations to holders other than to account for the funds then held for the holders of Deutsche Telekom ADSs still outstanding.

Books of Depositary

The depositary bank will maintain Deutsche Telekom ADS holder records at its depositary offices. You may inspect the records at the office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the Deutsche Telekom ADSs and the deposit agreement.

The depositary bank will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADRs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The deposit agreement limits Deutsche Telekom's obligations and the depositary bank's obligations to you. Please note the following:

- Deutsche Telekom and the depositary bank are obligated only to take the actions specifically stated in the depositary agreement without negligence or bad faith;
- The depositary bank disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement;
- Deutsche Telekom and the depositary bank will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement;
- Deutsche Telekom and the depositary bank disclaim any liability if they are prevented or forbidden from acting on account of any law or regulation, any provision of Deutsche Telekom's Articles of Association, any provision of any securities on deposit or by reason of any act of God or war or other circumstances beyond their control;